

UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON 25, D. C.

CIVIL ACCOUNTING AND
AUDITING DIVISION

June 22, 1962

MEMORANDUM TO THE FILES

Subject: Central Intelligence Agency audit--
June 20, 1962, meeting with Mr. Robert W.
Smart of the House Armed Services Committee
staff

Messrs. A. T. Samuelson, Director, CAAD, and E. L. Pahl, met with Mr. Robert W. Smart (Room 313, Old House Office Building) to discuss the General Accounting Office's limited audit of the activities of the Central Intelligence Agency. The discussions are summarized below.

Mr. Samuelson stated that subsequent to the exchange of correspondence in May 1961 between the Comptroller General and Chairman Vinson, of the House Armed Services Committee, the GAO audit staff had continued to review those activities of the Intelligence Component of CIA to which we are permitted access. Reviews now have been completed in all organizational units of the Intelligence Component excepting the photographic unit to which we have no access whatsoever and the current unit which is an extremely sensitive operation. On the basis of our reviews of the Intelligence Component and of previous reviews of the administrative activities to which we are permitted access in the Support Component, it is our opinion that, under the limitations on our audit, we cannot make an effective audit contribution to the Congress on a continuing basis that would be commensurate with the effort involved. This opinion is based on the following factors: (1) we have had no access whatsoever to the Plans Component, (2) the administrative activities performed in the Support Component in support of both sensitive and nonsensitive operations are so intermingled that we do not have sufficient access to these administrative activities, including internal review mechanisms, to evaluate them, and (3) the activities of the Intelligence Component are of such a nature that they are not readily susceptible to audit evaluation. Accordingly, we believe that the limited audit of CIA activities should be discontinued until such time as it is feasible to permit GAO sufficient access to make reasonably comprehensive audits.

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Mr. Smart stated that Mr. Vinson had taken over the chairmanship of the House Subcommittee on CIA vacated by Mr. Paul J. Kilday, that the Subcommittee meets periodically with Mr. McCone and other CIA officials, and that the Subcommittee might be interested in resolving the audit problem existing between GAO and CIA. He stated the opinion that this problem was significant because it involved two Government agencies each of which are attempting to effectively carry out a very important mission. He advised that the Subcommittee was meeting with CIA officials on the morning of Friday, June 22, 1962, and that this meeting might be an opportune time to consider the problem if the Comptroller General could get an appropriate letter to Mr. Vinson before this meeting took place.¹ Mr. Smart suggested that the letter set forth the status of our audit and that it set forth as specifically as possible the access to CIA activities that would be necessary to permit GAO to perform a reasonably effective audit.

Mr. Samuelson advised Mr. Smart that he had discussed with Mr. Bross, Comptroller of CIA, the proposal to discontinue our limited audits of CIA. Mr. Samuelson also advised Mr. Smart that a meeting with Mr. McCone had been planned in view of a May 17, 1961, letter from Mr. Dulles, former Director of CIA, which letter requested an opportunity to further discuss the audits before decision is reached to entirely discontinue the audits. However, GAO officials were advised by CIA officials that Mr. McCone was briefed on the matter and was fully cognizant of the limitations on and the problems involved in the audit, and, therefore, the planned meeting with Mr. McCone was not held.

Note 1 A letter, B-133200, dated June 21, 1962, from the Comptroller General to Honorable Carl Vinson, Chairman, Armed Services Committee, House of Representatives, was personally delivered to Mr. Robert W. Smart in Room 313, Old House Office Building, at 2:40 p.m., June 21, 1962.

E. L. Pahl
Supervisory Accountant